

PRESS RELEASE



ANNUAL RESULTS 2020

ACCELL GROUP REPORTS NET SALES UP 17% TO € 1.3 BN AND EBIT UP 25% TO € 75 MILLION

HEERENVEEN (THE NETHERLANDS), 5 MARCH 2021 – Accell Group N.V., the leading European bicycle company with well-known brands such as Haibike, Koga, Batavus and Raleigh, today announces its full-year 2020 results.

HIGHLIGHTS

- Net sales of € 1.3 bn, up 17% fully organically, due to fast recovery after first lockdowns and sustained high demand for bicycles, parts and accessories across Europe
- EBIT of € 74.7 million vs € 60.0 million in prior year due to higher sales and focus on costs, partly offset by inefficiencies as a result of supply chain disruptions; underlying EBIT increased 45% to € 79.7 million, underlying EBIT margin up 121 bps at 6.1%
- Net profit of € 64.8 million driven by higher EBIT and favourable tax effects
- Trade working capital improved sharply to 19.4% from 32.4% of Net sales due to lower inventories and stricter cash management in response to COVID-19 pandemic
- Free cash flow of € 195.4 million, improved significantly versus -/- € 61.6 million in prior year

in millions of euro unless otherwise stated	2020	2019
Net sales	1,296.5	1,111.0
Added value%	27.9%	30.7%
EBIT ¹⁾	74.7	60.0
Underlying EBIT ²⁾	79.7	54.8
Net Profit	64.8	2.8
Trade working capital	251.5	360.0
Free cash flow	195.4	-61.6

1) Operating result derived from the annual report is in this overview presented as EBIT

2) EBIT excluding one-offs (in 2020: -/- € 5.0 mio; in 2019 + € 5.1 mio)

Ton Anbeek, CEO Accell Group: “Once bike shops across Europe reopened after the first lockdowns, we saw a very strong recovery and sustained high demand in the second half of the year. This demonstrates more than ever that cycling is moving the world forward.

The significant increase in sales was broad based, with strong contributions from our e-bike and e-cargo bike categories and from parts & accessories. The 17% organic top line growth combined with our focus on costs and cash led to a 45% increase of our underlying EBIT and a very strong cash flow for the year, despite various pandemic-related supply chain inefficiencies.

Our bike collections continued to win multiple international awards, including the Design and Innovation Award for the Haibike AllMtn 7 and the Lapierre Overvolt. We rolled out improved digital brand platforms (such as Raleigh.co.uk) and implemented CRM across the group.

With customer orders at continued high levels, COVID-19 is currently still impacting the stability of our value chain, as shop closures and global component delivery disruptions are resulting in longer lead times for bicycles. We continue to take actions to mitigate supply chain effects due to these disruptions as much as possible.

With governments, cities, companies and consumers embracing the positive benefits of cycling for personal health, business and the environment, the future of Accell Group looks bright. We are confident that we are on track to meet our 2022 targets.”

GROUP PERFORMANCE

in millions of euro	2020	2019
Net turnover	1,296.5	1,111.0
Other income	0.1	12.3
Net sales growth% vs py	16.7%	7.5%
Added value	361.8	341.5
Added value%	27.9%	30.7%
Added value bps vs py	-284	53
OPEX	-287.1	-293.9
EBIT	74.7	60.0
EBIT%	5.8%	5.4%
Net finance costs	-12.8	-9.3
Income from equity-accounted investees, net of tax	1.0	0.4
Result from sale of subsidiaries	-	-0.1
Income tax benefit	1.9	8.2
Result from discontinued operations, net of tax	-	-56.5
Net profit	64.8	2.8
Result after taxes from continuing operations	64.8	59.3
Result after taxes from discontinued operations	-	-56.5
Basic earnings per share from continuing operations (in €)	2.42	2.22
Basic earnings per share including discontinued operations (in €)	2.42	0.10

in millions of euro	2020	2019
EBIT reported	74.7	60.0
One-off ¹⁾	5.0	-5.1
Underlying EBIT	79.7	54.8
TWC% rolling net sales	19.4%	32.4%
TWC in bps vs py	-1,301	611

1) One-offs 2020 are all opex related, see our explanation later in this document. One-offs 2019 relate to other income + € 11.4 mio (CTC deal) and opex of -/- € 6.3 mio (Regent deal, restructurings, other)

Net sales came in at € 1,296 million, compared with € 1,111 million in 2019. Growth accelerated to 17% in 2020 from 7.5% in 2019. This was due to a fast sales recovery after the first lockdowns and continued high demand for bikes and parts & accessories throughout the second half of the year. Accell Group's average sales growth over the past eight years is 8.8%. Sales growth for bikes came in at 10.9%, with e-bike and cargo bike categories up 15% and 43% respectively, while sales of traditional bikes declined by 10%.

NET TURNOVER BASED ON LOCATION OF THE CUSTOMER			
in millions of euro	2020	2019	Growth%
<i>Benelux</i>	245.8	208.1	18.1%
<i>Central</i>	411.6	413.2	-0.4%
<i>Other Europe</i>	278.4	217.3	28.1%
<i>Other World</i>	16.3	19.6	-16.8%
Accell Bicycles	952.0	858.2	10.9%
Accell Parts	344.4	252.8	36.2%
Accell Group - Continuing operations	1,296.5	1,111.0	16.7%

Growth in the Benelux came in at 18.1% thanks to high demand for our brand's bike collections. Sales in Central (mainly Germany, Switzerland and Austria) showed a slight decline of 0.4%. The region's strong sales recovery in the second half of the year was hampered by lower availability of bikes (also due to inventory shifts to other regions during the closure of shops in Germany). In rest of Europe (mainly United Kingdom, Nordics and France) we recorded a strong 28.1% sales growth.

Turnover in parts & accessories increased by 36.2%. Growth was very strong throughout the year, driven by strong sales to dealers and online shops across Europe.

Added value increased to € 361.8 million from € 341.5 million, up € 20.3 million. As a percentage of Net sales, Added value declined 284 bps to 27.9% due to:

- higher discounts for conversion of stock into cash, especially during the first lockdowns
- supply chain disruptions leading to lower efficiencies and output from factories
- customer and product mix changes due to, amongst others, delayed introductions of new bicycle models and channel mix effects especially in parts & accessories

Opex decreased to € 287.1 million from € 293.9 million, down € 6.8 million. As a percentage of Net sales, opex decreased 430 bps to 22.1%. Additional distribution costs (related to the high growth, especially in parts & accessories) and higher provisions were more than offset by lower marketing expenses (given shop closures and constrained supply situation), lower travel and event expenses and lower IT and advisory costs.

One-offs included in opex came in at -/- € 5.0 million and mainly consist of:

- + € 2.1 million due to release of provisions related to the US debtor position
- -/- € 2.9 million in restructuring costs, mainly related to the announced closures of two entities
- -/- € 2.7 million for an impairment (IT related)
- -/- € 1.5 million in other one-off costs

EBIT came in at € 74.7 million up 25% compared with previous year, representing an EBIT margin of 5.8% (+37 bps vs prior year).

Excluding one-offs EBIT came in 45% higher to € 79.7 million from € 54.8 million, representing an underlying EBIT-margin of 6.1% (+121 bps vs prior year).

FINANCE COSTS, TAX EXPENSES AND PROFIT

Finance costs increased due to additional bank fees and interest margin related to the additional GO-C credit facility. Taxes came in at a € 1.9 million gain, largely due to the recognition of a deferred tax asset of € 16.2 million related to higher future potential to use the liquidation losses of Accell North America. Net profit came in at € 64.8 million.

TRADE WORKING CAPITAL

	Trade working capital		Average trade working capital	
	2020	2019	2020	2019
Inventory	22.0%	34.8%	26.6%	31.9%
Trade receivables	8.0%	12.7%	13.3%	15.1%
Trade liabilities	10.6%	15.1%	13.3%	15.7%
Total	19.4%	32.4%	26.6%	31.3%

Driven by a strong focus on cash and strong demand in a constrained supply situation, trade working capital came in at 19.4%. Average trade working capital improved 466 bps to 26.6%.

Inventories were down 1,281 bps (on average -/- 527 bps) driven by high demand in a constrained supply situation. In addition to this, Accell Group reduced slow moving stocks in bicycles and parts & accessories, due to a strong focus on cash. Receivables were down 465 bps (on average -/- 178 bps), driven by high net sales and a lower amount of overdues. Creditors were down 445 bps (on average -/- 239 bps) as a result of a different phasing of orders at suppliers.

FINANCIAL EFFECTIVENESS AND CAPITAL EFFICIENCY

	Reported	IFRS 16	One-off	Adjusted
in millions of euro	2020	2020	2020	2020
ROCE (Rolling EBIT / Average capital employed) ¹⁾	14.6%	0.8%	1.0%	16.4%
Net debt (in millions of euro)	79.2	-29.0	-	50.2
Net debt / Rolling EBITDA	0.8	-0.2	-0.0	0.6

¹⁾ Reported capital employed is the sum of goodwill and other intangible fixed assets, property, plant and equipment, right-of-use assets, inventories, trade and other receivables and trade payables and other current liabilities.

	Reported	IFRS 16	One-off	Adjusted
in millions of euro	2019	2019	2019	2019
ROCE (Rolling EBIT / Average capital employed)	11.4%	0.2%	-1.0%	10.6%
Net debt (in millions of euro)	265.3	-30.2	-	235.1
Net debt / Rolling EBITDA	3.1	0.0	0.5	3.6

Free cash flow came in at € 195.4 million, thanks to an improved EBITDA (€ 99.7 million), the reduction in trade working capital (€ 108.5 million) and other movements mainly related to investing activities (-/- €12.8 million).

The strong free cash flow led to a significant adjusted net debt reduction from € 235.1 million in 2019 to € 50.2 million in 2020. Combined with a higher underlying EBITDA, net debt/rolling EBITDA adjusted for IFRS 16 and one-offs came in at 0.6 (0.8 reported). The higher EBIT in combination with the lower trade working capital resulted in a reported ROCE of 14.6%, and of 16.4% when adjusted for one-offs and IFRS 16 effects.

Accell Group complied with the financial covenants in the group financing agreement as of 31 December 2020 and as of all earlier test dates.

EARNING PER SHARE AND DIVIDEND

in millions of euro	2020	2019
Net profit reported	64.8	2.8
Basic earnings per share including discontinued operations (in €)	2.42	0.10
Underlying basic earnings per share from continuing operations (in €)	1.91	1.24

With net profit at € 64.8 million, earnings per share based on the weighted average number of outstanding shares (year end 2020: 26,804,632) amounted to € 2.42. Adjusted for one-offs (-/- € 3.9 million, net of tax), translation reserve (€ 1.3 million) and the reversal of the tax income (€ 16.2 million), earnings per share amounted to € 1.91. Prior year earnings per share were € 0.10, and € 1.24 when adjusted for one-offs.

In 2020, we arranged a two-year amortising bank facility of € 115 million with our bank consortium under the Dutch GO-C scheme which mainly serves as an extra financial buffer. According to the amended group financing agreement dividend limitations apply; The most important one being that no cash dividend contributions shall be made, unless the GO-C facility is repaid and cancelled. Consequently, no dividend will be paid out over the financial year 2020.

MANAGEMENT AGENDA AND OUTLOOK

COVID-19 and EU Commission's Green Deal have put cycling even more firmly on the political agenda as a solution to numerous societal and urban problems, such as obesity, pollution and congestion. Electrification, bicycle infrastructure investments, government fiscal incentives and subsidies are considered strong and sustainable growth drivers for the years to come.

The outlook for our bicycle and parts & accessories business is very positive, we therefore remain confident that we are well on track to deliver our 2022 targets. In the short term, it still remains uncertain what the effects of the pandemic (for example new virus variants) will be on our facilities, shop openings and consumer behaviour. While customer orders continued to be strong in 2021, the increase in lead times and delayed deliveries from component suppliers, combined with logistical disruptions (which impact the entire bike industry), will drive a shift in the primary sales season (volume) to the second half of 2021, as it did in 2020.

ABOUT ACCELL GROUP

We believe cycling moves the world forward. We design simple and smart solutions in order to create a fantastic cycling experience for everyone who uses our bikes. Accell Group makes bicycles, bicycle parts and accessories. We are the European market leader in e-bikes and second largest in bicycle parts and accessories, with numerous leading European bicycle brands under one roof. These brands were built by pioneers for whom the best was not good enough. We still embody the entrepreneurial spirit of those family businesses to this day. We keep pushing ourselves to create high-quality, high performance, cutting-edge products driven by the continuous exchange of know-how and craftsmanship. Well-known bicycle brands in our portfolio include Haibike, Winora, Ghost, Batavus, Koga, Lapierre, Raleigh, Sparta, Babboe and Carqon. XLC is our brand for bicycle parts and accessories. Accell Group employs approximately 3,100 people across 15 countries. Our bikes and related products are sold to dealers and consumers in more than 80 countries. In 2020, we sold around 897 thousand bicycles and recorded a turnover of € 1.3 billion. www.accell-group.com.

NOTES TO THE EDITOR, NOT FOR PUBLICATION

For additional information: Ton Anbeek – CEO / Ruben Baldew – CFO, tel: (+31) (0)513-638702

ANALYST MEETING

Accell Group will today host an analyst meeting starting at 11.00 CET to discuss the company's strategy, the 2020 results and the outlook. Due to the current COVID-19 restrictions, Accell Group has decided to hold the analyst meeting completely online. The presentation materials will be available on our corporate website before the meeting begins. An audio webcast replay of the analyst meeting will also be made available on our corporate website: www.accell-group.com.

FINANCIAL CALENDAR 2021

- 9 March 2021 Publication annual report
- 21 April 2021 General Meeting of Shareholders
- 23 July 2021 Publication half-year results 2021

FINANCIAL STATEMENTS

The financial information 2020 in the primary statements as included and enclosed in this press release is derived from the annual report 2020. This annual report is approved for publication. The publication as prescribed by law has not yet taken place. Adoption of the 2020 financial statements is on the agenda of the General Meeting of Shareholders on 21 April 2021. In accordance with article 393, Part 9, Book 2 of the Dutch Civil Code KPMG Accountants N.V. has provided an unqualified audit opinion on the annual financial statements.

The full annual report can be consulted and will be available for download from 9 March 2021 on our corporate website: www.accell-group.com.

REPORTING STANDARDS

The results in this press release are derived from the Accell Group financial statements 2020 and have been drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

REGULATED INFORMATION

This press release contains information that qualifies or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation (596/2014/EU).

FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements regarding Accell Group's results, capital and liquidity positions. In addition, forward-looking statements may include, but are not limited to, phrases such as "intends", "expects", "is taking into account", "targets", "plans", "estimates" and words with a similar meaning. The forward-looking statements contained in this document are based on current expectations, estimates and projections of Accell Group and information currently available to it and pertain to future events, such as Accell Group's future financial results, company plans and strategies. Forward-looking statements are subject to certain risks and uncertainties that are difficult to predict and which may lead to material differences between the actual results, position and performances, and the expected future results, position or performances implicitly or explicitly contained in said forward-looking statements. Factors that may cause actual results to differ from current expectations include but are not limited to macroeconomic, market and business trends and conditions, changes and developments in legislation, technology, taxes, jurisprudence and regulations, stock exchange fluctuations, legal claims, investigations by regulatory bodies, competition and general economic and/or political changes and other developments in countries and markets in which Accell Group operates. These and other factors, risks and uncertainties, which may have an effect on any forward-looking statement that could cause results to differ materially from those described in the forward-looking statements, are described in Accell Group' annual report. The forward-looking statements contained in this document are statements as at the date of this document only and Accell Group does not accept any liability for or obligation to amend the forward-looking statements contained in this document, regardless of any new information, future events or otherwise, unless Accell Group is under a legal obligation to do so.